

STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

Implementation of Renewables)	
Portfolio Standard Legislation (public)	Docket No. 03-RPS-1078
Utilities Code Sections 381, 383.5,)	RPS Proceeding
399.11 through 399.15, and 445; [SB)	
1038}; [SB 1078]))	
)	

**COMMENTS OF POWEREX
ON THE *NEEDS ASSESSMENT FOR A WESTERN RENEWABLE ENERGY
GENERATION INFORMATION SYSTEM DRAFT REPORT***

I. INTRODUCTION

By notice dated October 21, 2003, the California Energy Commission (“CEC”) provided notice to interested parties of the availability of the *Needs Assessment for a Western Renewable Energy Generation Information System* Draft Report (“Report”) and invited comments on the Report. Powerex is pleased to accept the CEC’s invitation and hereby submits its comments.

Powerex Corp. (“Powerex”) is the marketing subsidiary of British Columbia Hydro and Power Authority. Powerex sells power at wholesale in the United States pursuant to market-based rate authority granted by the Federal Energy Regulatory Commission. Powerex is currently marketing Green Power Certificates (“GPCs”) / Renewable Energy Certificates (“RECs”) from competitively-priced qualifying renewable (small hydro, biomass, and landfill gas) generation facilities.

The CEC, for its part, has been directed by the Legislature to develop a tracking system for implementing California’s Renewable Portfolio Standard, including

identification, definition, and design of the institutions, procedures, and operating guidelines required to track and account for renewable energy generation and the registration of RECs in the Western Interconnection. Working in collaboration with the Western Governor's Association ("WGA"), the CEC has now issued its Draft Report including recommendations regarding the design of the Western Renewable Energy Generation Information System ("WREGIS").

As a marketer of GPCs/RECs from qualifying out-of-state renewable generation facilities, Powerex is keenly interested in the Report. More specifically, these comments focus on the importance of designing WREGIS in a manner intended to maximize the efficient and economic development and use of renewable energy generation consistent with California's stated policy goals.

II. COMMENTS

Powerex's interests with respect to renewable energy generation development in general, and the manner in which such development can be affected by design of the WREGIS, are broadly stated as follows:

1. To ensure that British Columbia interests are reflected in the policy and systems development process;
2. To encourage as broad a base of renewable technologies as possible for inclusion within the tracking system;
3. To promote competition in the REC market and trade across interstate and international borders; and
4. To express its support for timely development of the WREGIS.

Specific responses of Powerex to questions presented in the Report are set forth as follows:

1. Should WREGIS be designed to facilitate imports and exports? Please be clear whether you mean imports and exports between states that are part of WREGIS, or between WREGIS and other tracking systems. Proponents should indicate the type of information you believe is necessary to perform either function.

Powerex believes that WREGIS should facilitate imports and exports of RECs between the Western states or provinces that are part of WREGIS and also be designed to be compatible with other REC tracking systems of Western states or provinces that choose not to be part of WREGIS. It should not be a requirement that WREGIS be compatible with other tracking systems for states or provinces not part of the interconnected electric system in the West. However, WREGIS should look to existing REC tracking systems and adopt the best practices of those systems in the development and implementation of WREGIS.

Imports and exports of RECs will stimulate the development of a competitive, vibrant and active REC market which, in turn, will result in greater development of renewable energy resources in the West. This will lead to greater liquidity which is critical in the early stages of development of the REC market.

Powerex believes foremost in the benefits of interstate and international electricity trade to all market participants and a REC tracking system should be developed that helps realize the benefits of the REC market in furthering the development of renewable energy in the West.

2. What, if any, additional static or dynamic data are needed to support air quality and regional haze programs and information disclosure and electricity labeling requirements?

Other than its full support for electricity labeling and full information disclosure, Powerex has no specific recommendations regarding further data requirements.

Powerex believes regional air quality issues and related data requirements that facilitate those local programs should be dealt with outside of WREGIS. Powerex believes that regional air quality issues relate more towards localized generation and away from the issue at heart with RECs – distant, but interconnected generation.

3. Should WREGIS include small, customer-sited renewable generation and solar water heating, and if so, how? Proponents should indicate whether they are willing to participate in the development of data measurement, collection and verification methodologies.

Powerex does not object to including small, customer-sited renewable generation as long as there is a reasonable amount of rigor to ensure the quality of data and the rigor costs do not offset benefits of tracking customer-sited renewable generation.

4. Should generator information that is voluntarily provided undergo the same level of verification as other information in the database? Or would it be acceptable if WREGIS tracked information that was voluntarily provided (see list on page 7), but made no claims as to the accuracy of the information?

Information that is provided voluntarily may be difficult to audit. The value of tracking unauditable information takes away from the primary objective of WREGIS which is to accurately track and account for renewable energy generation.

5. Are there any other static or dynamic data categories (see pages 7 and 9) that may be useful, or for which WREGIS users may want to use to differentiate RECs or generators in the database? Please also indicate how tracking this information will be beneficial (e.g. product differentiation or branding, certification verification, ability to access markets, etc).

Powerex supports the inclusion of data on whether a renewable energy generator meets Canadian certification standard EcoLogo . Environment Canada's Environmental Choice Program is Canada's national certification process that applies a series of criteria to electricity facilities to determine if they are renewable low-impact. These criteria are published in a Certification Criteria Document and cover a range of categories, including biomass-fuelled electricity, water-powered electricity, wind-powered electricity, biogas-fuelled electricity, solar-powered electricity and alternative-use electricity. The Environmental Choice Program is designed to support continuing effort to improve and/or maintain environmental quality by reducing energy and material consumption and by minimizing the impacts of pollution generated by the production, use and disposal of goods and services available to Canadians.

6. Is there any other data from page 8 that should be periodically updated to meet state policy or certification needs? How frequently should such updates occur?

Generally Powerex believes that as a matter of course, any data provided by a WREGIS provider ought to be kept up to date. Those updates should be in place as frequently as possible.

7. With respect to emissions data, are these data presently collected in your state, and by whom? Would these data be available for use?

As a matter of information, local air quality related emissions (NO_x, SO_x, VOCs) in the Vancouver, BC area are measured and collected by the Greater Vancouver Regional District. The provincial government would also monitor and collect data for the rest of the province. Greenhouse Gas (GHG – CO₂, CH₄, NO, SF₆, HFCs, PFCs) emissions are currently voluntarily reported by various entities in Canada, including most electricity generators. A mandatory nation-wide GHG reporting system for the ‘large final emitter’ class of entities is scheduled to be in place for 2004 calendar year. The data from all of these systems would likely be available for use. However, data quality and delivery timelines will likely vary.

8. Should WREGIS accept emissions “offset” data, as distinct from emissions data, and if so, under what circumstances? Would it be acceptable if this information is voluntarily provided and thus tracked by WREGIS but not verified or substantiated by WREGIS?

Since Canada is a signatory of the Kyoto Protocol, a nation-wide GHG offset system is presently being designed. The role for renewable energy in said-system is currently undecided. As a result, Powerex would require the inclusion of an “offsets” field and collect this voluntary offset information for Canadian entities to facilitate the tracking and trading of GHG emission reductions.

Prior to establishing a mandatory offset reporting requirement, WREGIS would need to do the up-front work in defining offsets from renewable energy generation. Included in this work would be a mutually agreed upon emission factor to be used when calculating the displaced emissions resulting from renewable energy generation. Issues

around ownership of the emission reductions would also need to be resolved. The existence of a voluntary system may encourage the development of greater standardization in emission reporting.

9. Do you have any specific comments on the recommendation related to disaggregation of RECs in the WREGIS (page 9)?

While Powerex supports customer choice and the ability of customers to select the specific attributes to be included in the REC product that meets their individual needs, Powerex understands the issue of disaggregation and the challenges of developing a standard REC product. In recognition of the complexities of disaggregating RECs and to aid in the early development of standard REC product, Powerex suggests that disaggregated RECs be removed from WREGIS. However, WREGIS should be flexible enough to be able to accommodate disaggregated REC products in the future.

10. What are your thoughts on the importance and the feasibility of tracking commodity electricity sales within WREGIS, in addition to tracking the ownership and movement of RECs?

Since RECs, in principle, are the non-power attributes of the renewable energy generators, Powerex does not believe it is necessary to track the commodity electricity sales within WREGIS. To do so would be an onerous task and potentially duplicative of energy scheduling and metering information systems already in place. If certain states or provinces require a physical energy delivery component to be bundled with the RECs, then it should be up to those jurisdictions to track those deliveries separately using energy settlement and scheduling systems that are already in place.

Essentially, any physical delivery requirement of a renewable energy program is a policy matter and should be beyond the scope of WREGIS.

11. What date/time stamp should be given to RECs that are issued by WREGIS? Proponents of tracking generation more frequently than “daily” and of a “peak/off-peak” designation should provide additional explanation of their rationale.

Most new generation plants have interval electric meters which allow for 15 minute data polling. However, the challenge will be the complexity and cost of feeding this information into WREGIS compared to the benefit. Until a cost-efficient methodology comes to pass, Powerex recommends “monthly” tracking of REC production.

12. Do you have any opinions on what organization or agency should administer the WREGIS?

Powerex believes that the organization or agency that administers WREGIS should be independent from any market participant. If an existing west-wide agency or organization (e.g. WECC, WGA, WIEB) can fulfill this requirement then Powerex would support such an organization to administer WREGIS. In the alternative, Powerex believes that an independent, private firm should also be able to fill the role of the WREGIS administrator

13. Do you have any comments on the WREGIS design and development process laid out in Section 9?

Powerex supports the WGA recommendation on the implementation schedule of WREGIS. In particular, Powerex believes that the design and development process should and does recognize that California is driving the need for WREGIS.

California is leading the continent in establishing an RPS program that will require 20% renewable content of total retail sales by the end of 2017. This means that WREGIS needs to be in place and fully operational by January 1, 2005 for it to be available for California's RPS compliance year 2005. However, there may be California specific requirements that would be beyond the scope of WREGIS. For example, the requirement for verification of scheduled renewable energy to load meaning that RPS deliveries are bundled. Powerex believes that this requirement should not be part of WREGIS and any California delivery requirement should be verified by the designated California control area operator e.g. California ISO for PG&E, SCE and SDG&E service areas.

Other Tracking System Issues - Life Span of Certificate /Tracking of Retail Transactions/Weighted State RPS Credits

Powerex supports the WGA recommendation to not incorporate “lifespan” restrictions into its operating rules. Powerex believes that "lifespan" determination should be left with the retail seller and/or their regulatory authority. Ultimately, the market for higher and lower quality RECs may evolve on its own allowing the market to decide if RECs should have a limited "lifespan".

Powerex agrees with the WGA in not recommending the retail tracking of RECs due to the additional complexity and prohibitive costs.

Powerex agrees with the WGA recommendation that WREGIS should contain enough information for individual states to assign appropriate “Credit” for individual state RPS compatibility.

III. CONCLUSION

Powerex appreciates the opportunity to present its comments and looks forward to continued participation in the process for developing a regional certificates-based renewable energy tracking system.

Dated this 10th day of November, 2003 at San Francisco, California.

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